

Message Text

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12

ACTION EUR-12

INFO OCT-01 ISO-00 EB-04 L-01 SS-15 INR-05 FBO-02 A-01

ABF-01 OS-01 RSC-01 /044 W

----- 071193

R 311515Z OCT 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 1975

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STADIS////////////////////////////////

E.O. 11652: N/A

TAGS: ABLD, ASCH, EAID, EFIN, ETRD, PFOR, TGEM, PL

SUBJECT: PL-480 DEBT DEFERRAL NEGOTIATION AND PROPERTY
ACQUISITION

REF: A. WARSAW 4204; B. STATE 215277; C. WARSAW 6523

1. I PROPOSE TO RAISE THE SUBJECT OF ACQUISITION OF
REAL ESTATE IN POLAND FOR THE EMBASSY AND OUR CONSULATES
AND FOR OUR NEW AMERICAN SCHOOL BEFORE WE BEGIN FORMAL
DISCUSSIONS WITH THE POLES ON THE SUBJECT OF PL-480
DEBT DEFERRAL.

2. THE FOLLOWING IS A LIST OF LONG AND SHORT-TERM
EMBASSY PROPERTY RENTALS IN POLAND, THE PURCHASE OF
WHICH WITH SURPLUS U.S.-OWNED ZLOTYS WOULD CONSTITUTE
A HIGHLY ADVANTAGEOUS LONG-TERM REAL-ESTATE INVESTMENT
BY THE U.S.G.:

WARSAW

LOWICKA 35

LOWICKA 44

FILTROWA 47

FILTROWA 49

DABROWSKIEGO 65

ZAWRAT 2

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ZAWRAT 2A

ZAWRAT 13
ZAWRAT 14
ROZANA 43
PHTLASINSKIEGO 13
ODOLANSKA 60
MILOBEDZKA 12
WITA STWOSZA 39

POZNAN
GRODZISKA 31/33

KRAKOW
STOLARSKA 9 (OFFICE BUILDING)
GROTTGERA 12
ADDITIONAL RESIDENCE
EXCEPT FOR THE STOLARSKA 9 CONSULATE OFFICE BUILDING IN
KRAKOW, ALL OTHER PROPERTIES LISTED ABOVE ARE RESEIDENTIAL
UNITS.

3. IN ADDITION TO THE PROPERTIES LISTED ABOVE,
THE EMBASSY FORMALLY REQUESTED THE MINISTRY OF FOREIGN
AFFAIRS ON JULY 16, 1974, TO PROVIDE THREE SITES IN
WARSAW ON WHICH THE UNITED STATES GOVERNMENT COULD
CONSTRUCT RESIDENTIAL HOUSING FOR ITS PERSONNEL. WE
HAVE RECEIVED NO REPLY SO FAR AND I WOULD REQUEST ONE
AS PART OF OUR GENERAL DISCUSSION OF PROPERTY MATTERS.

4. SECTION 104(1) OF PL-480 APPLIES TO ALL SURPLUS
POLISH ZLOTIES NOW OWNED BY THE US GOVERNMENT. (ALTHOUGH
THE PL-480 AGREEMENTS OF JUNE 7, 1957 AND FEBRUARY 15,
1958 DID NOT INCLUDE SECION 104 (1), THEY WERE AMENDED
IN MAY 1959 TO INCLUDE THESE AND OTHER ZLOTY USES.)

5. BEGINNING IN 1959, THE EMBASSY UTILIZED ZLOTIES
ACCRUED UNDER PL-480 AGREEMENTS TO CONSTRUCT OR PURCHASE
THE CHANCERY BUILDING AND ATTACHED STAFF HOUSING, THE
AMBASSADORS AND DCM'S RESIDENCES, MULTI-UNIT RESIDENCES
AT OLYMPIJSKA STREET AND GIMNASTYCZNA STREET IN WARSAW,
AND THE NEW PRINCIPAL OFFICERS RESIDENCE IN POZNAN.

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6. IN RECENT YEARS, HOWEVER, THE EMBASSYS REQUESTS
TO BUY PROPERTIES WE ARE OCCUPYING ON A LEASE BASIS HAVE
NOT ALWAYS BEEN SUCCESSFUL. THE LARGE DUPLEX AT ZAWRAT 2
IS A CASE IN POINT. THE CITY AUTHORITIES HAVE SIMPLY
DECLINED TO NEGOTIATE ON THIS PROPERTY AND HAVE

REPEATEDLY AND WITHOUR EXPLANATION REFUSED OUR REQUESTS
TO BY DATING BACK TO 1966.

7. IN THE SAME DISCUSSIONS, I INTEND TO RAISE THE POSSIBILITY OF PURCHASING THE SCHOOL BUILDING NOW NEARING COMPLETION AT LIMANOWSKIEGO 4 IN WARSAW. IF THE POLES WILL NOT CONTEMPLATE AN OUTRIGHT SALE, THEN THE PURCHASE OF A LONG-TERM LEASE BY PRE-PAYMENT BECOMES AN ATTRACTIVE ALTERNATIVE. PUMA IS NOW QUOTING A FIGURE OF 60 ZLOTIES PER SQUARE METER PER MONTH FOR THE 1803 SQUARE METERS OF "LIVING SPACE" IN THE NEW SCHOOL BUILDING PLUS 2.4 ZLOTIES PER MONTH PER SQUAR METER FOR THE 9000 SQUARE METERS OF GROUND. THE TOTAL COMES TO 129,780 ZLOTIES PER MONTH WHICH, WHILE HIGH, MIGHT BE MANAGED AT THE CURRENT FAVORABLE RATE OF EXCHANGE. ONCE THIS RATE IS NO LONGER APPLICABLE, HOWEVER, THE RENT WOULD SUDDENLY BECOME \$78,180 PER YEAR AND OUR NEW SCHOOL WOULD BE OUT OF BUSINESS. IF OUTRIGHT PURCHASE IS NOT FEASIBLE, I PLAN TO SEEK A LOWER RENT FIGURE AND THE RIGHT TO PREPAY IT FOR A NUMBER OF FUTURE YEARS. I HOPE THE DEPARTMENT WILL SUPPORT OUR EFFORTS TO PURCHASE THE SCHOOL OUTRIGHT OR PREPAY A LONG-TERM LEASE ON THE SCHOOL BUILDING NOW THAT IT IS NEARING COMPLETION AFTER OUR LONG AND PERSISTENT EFFORTS TO PERSUADE THE POLISH GOVERNMENT TO BUILD IT FOR US.

8. IT WOULD BE MOST DESIRABLE TO PRESENT THIS SUBJECT TO THE MINISTRY OF FOREIGN AFFAIRS SIMULTANEOUSLY WITH THE PRESENTATION IN WASHINGTON OF THE DEPARTMENTS MEMORANDUM ON THE ELEMENTS TO BE COVERED IN NEGOTIAING THE PL-480 DEFERMENT (REF C). ON THE ASSUMPTION THAT THE MEMORANDUM WILL INCLUDE THE PROPERTY QUESTION AS ONE OF THE ELEMENTS OF THE NEGOTIATION, I WOULD LIKE TO SAY THAT I HAVE BEEN INSTRUCTED TO APPROACH THE POLISH AUTHORITIES WITH THE SUGGESTION THAT WE LIMITED OFFICIAL USE

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NEGOTIATE THIS QUESTION BEFORE THE BEGINNING OF THE NEGOTIATION ON THE DEFERMENT, SINCE WE FEEL THAT IT CAN BE SEPARATED FROM THE OTHER ELEMENTS AND DEALT WITH IMMEDIATELY. IF THE POLES ASK WHETHER THE NEGOTIAION OF THIS QUESTION CONSTITUTES A PRECONDITION TO THE BEGINNING OF NEGOTIATIONS ON THE DFERMENT, I WOULD SAY THAT WE DO NOT REGARD IT AS A PRECONDITION, BUT RATHER AS AN UNFULFILLED OBLIGATION WHICH THE POLES UNDERTOOK UNDER THE PL-480 AGREEMENTS AND WHICH SHOULD BE CLEARED AWAY AS QUICKLY AS POSSIBLE.
DAVIES

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